

VZCZCXRO2523
PP RUEHAG RUEHROV
DE RUEHCV #1361/01 1901405
ZNY CCCCC ZZH
P 091405Z JUL 07
FM AMEMBASSY CARACAS
TO RUEHC/SECSTATE WASHDC PRIORITY 9202
INFO RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS PRIORITY
RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUMIAAA/HQ USSOUTHCOM MIAMI FL PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 001361

SIPDIS

SIPDIS

HQSOUTHCOM ALSO FOR POLAD
DEPT PASS TO AID/OTI RPORTER

E.O. 12958: DECL: 07/06/2017
TAGS: [PREL](#) [PGOV](#) [KDEM](#) [VE](#) [IR](#)
SUBJECT: CHAVEZ AND AHMADINEJAD CONTINUE TO DEEPEN TIES

REF: A. MOSCOW 3207
[1](#)B. MOSCOW 3139
[1](#)C. MINSK 576
[1](#)D. CARACAS 694

CARACAS 00001361 001.3 OF 002

Classified By: POLITICAL COUNSELOR ROBERT DOWNES FOR 1.4 (D)

[1](#)1. (C) Summary: During his June 30-July 2 visit to Iran, President Chavez publicly agreed to help Iranian President Ahmadinejad by selling gasoline to Iran. While details of the deal were not published, its impact will not be immediate as the shipments could take up to 40 days to arrive in Iranian ports and transportation will be costly. Chavez and Ahmadinejad signed a total of 17 economic and energy-related accords and opened a methanol plant during the visit, which was Chavez' sixth since coming to power. Ahmadinejad noted that many of their joint projects were aimed at facilitating Iran's entry into Latin America and Venezuela's into Pakistan and India. Chavez' political and economic support of Iran in the face of a possible strengthening of United Nations Security Council sanctions shows a continued willingness to ignore international concerns.

Chavez Comes To Ahmadinejad's Rescue

[1](#)2. (SBU) President Chavez, accompanied by Foreign Minister Nicolas Maduro, Industry and Mines Minister Jose Khan, and Energy Minister Rafael Ramirez, visited Iran, the last stop on his three country tour, June 30 - July 2. They had already made stops in Russia and Belarus (Refs A and B). During the two-day visit, Energy Minister Ramirez announced that Venezuela had agreed to sell gasoline to Iran, although he declined to specify the quantity of gasoline or at what price it would be sold. The Iranian government's gas rationing plan, announced the week before Chavez' visit, had spurred anti-government demonstrations. (Note: While a significant political gesture, shipping gasoline from Venezuela to Iran is a very expensive endeavor, and will take approximately 40 days for the gasoline to arrive in Iranian ports.) On July 2 Chavez and Ahmadinejad also signed an extension of the Iran-Venezuela energy agreement that now includes 33 accords. The new agreement calls for a partnership between PDVSA and Iranian Petropars to explore oil reserves in third countries. In addition, the two leaders reaffirmed their intention to establish a mixed enterprise for the construction of off-shore rigs.

¶3. (U) Chavez and Ahmadinejad signed a total of 17 accords, which included agreements to, among other things, build in Venezuela bicycle factories, milk and food processing plants, a tool factory, and a plastics factory; create a feasibility study for creating a metal working factory; and clarify terms for Iranian construction of 7 million houses on PDVSA land in Zulia State. They also signed an accord to establish a long-talked about bi-national strategic fund. The two leaders broke ground on a USD 700 million methanol plant on July 2 and announced the construction of a second plant in Venezuela over the next four years as well. Ahmadinejad and the Iranian head of the methanol plant both noted that the newly-minted projects are aimed at springboarding Iran's entry into the Latin American market and Venezuela's into those of Pakistan and India. Chavez also met privately with Ayatollah Khamenei.

¶4. (SBU) (Comment: Based on statements from Venezuelan government and Iranian officials, Post estimates that Venezuela has signed between 145 and 169 agreements with Iran (Ref C). Since neither government provides project details such as cost-breakdowns, dates, or use of funds, it is nearly impossible to provide an accurate dollar amount for these agreements, or indeed to know how many are for specific projects or obligations rather than political showmanship. However, in early March, the Iranian Embassy told reporters that these agreements were worth USD 17 billion.)

Brothers in Anti-Imperialist Rhetoric

¶5. (U) The two leaders also used the visit to reaffirm their efforts to establish a multipolar world to resist so-called

CARACAS 00001361 002.3 OF 002

imperialist aggression. For example, Chavez and Ahmadinejad opened the methanol plant amidst a backdrop of posters with a picture of them embracing under the title "We will win!" and others that proclaimed "Iran and Venezuela, axis of unity!" During a joint press conference July 2 the two leaders celebrated the "great leap" in their bilateral ties, which they said was directed at bringing "peace and brotherhood for all people of the world and firm resistance to all tyrants." Chavez accused the United States of trying to negate Iran's Islamic culture and historical legacy and of portraying Iranians as barbarians. Instead, he offered that the true barbarians were those who "launched atomic bombs against the innocent people of Hiroshima and Nagasaki, attacked and destroyed Iraq," and "attacked the Palestinian people," as well as those who "came from Europe and destroyed our Latin American civilization." Chavez closed his remarks with a modified version of his new mantra "My country or death! (conspicuously leaving out Socialism) We will win!" For his part, Ahmadinejad noted that certain countries would be furious over the two countries' alliance and hoped these countries "would die from their anger."

Comment

¶6. (C) Although many of Chavez' cooperation agreements with Iran--especially the Tehran-Caracas flights (Caracas 505) and now the gasoline shipping plan--defy economic logic, they are typical examples of how Chavez normally pays off (or props up) loyal allies for their unequivocal political support. Chavez' support to Iran in the face of a potentially-looming strengthening of United Nations Security Council sanctions, shows his increasing willingness to flout international opinion for political considerations and a perceived opportunity to tweak the USG. As Venezuela, through Iran, broadens ties on the Indian subcontinent, he will probably

try to seek additional political allies as well.

FRENCH